

PROCEDURES
FOR SETTING (REVIEWING) TARIFFS
IN THE ENERGY SECTOR OF THE REPUBLIC OF ARMENIA

In conformance with the RoA Energy Law, these Procedures are defining the process of setting (reviewing) tariffs for the sale of electricity (capacity), thermal power and natural gas, the transmission and distribution services of electricity, the transportation and distribution services of thermal power, the transportation and distribution services of natural gas and are applicable to the energy sector Licensees, regardless of the type of their organization and ownership.

1. DEFINITIONS

Some of the terms used in these Procedures are defined as follows :

- | | |
|---------------------------|---|
| 1.1. Commission | - a regulating body in the energy sector, acting in conformance with the RoA Energy Law, and in accordance with certain authorities bestowed on itself by the Government of Armenia; |
| 1.2. Energy Sector | - a system of technical and legal organization of the economic entities involved in electricity generation, transmission and distribution; thermal power generation, transmission and distribution; natural gas transportation and distribution; as well as the import and export of electricity, and natural gas (regardless of the type of proprietorship); |
| 1.3. License | - an official document issued by the RoA Energy Regulatory Commission verifying his right to engage in certain activities in the power sector; |
| 1.4. Licensee | - a legal entity that has been issued the right to carry out the operation specified in the License in the RoA energy sector; |
| 1.5. Application | - a petition submitted by the Licensee to the Energy Regulatory Commission on setting (reviewing) tariffs, along with relevant attachments. |

2. GENERAL PROVISIONS

- 2.1. Tariffs can be set (reviewed) on the basis of the corresponding Application filed with the ERC, or upon the Commission's own initiative.
- 2.2. Prior to the submission of the Application, the Licensee is required to publish his announcement of request for tariff review in one of the national newspapers (Application 2).
- 2.3. All resolutions on tariff setting (review) shall be issued during the ERC meetings, in accordance with established procedures.
- 2.4. If, in the result of tariff reviewing, new tariffs are established, the corresponding ERC Resolution shall become effective within 30 days of its publication.
- 2.5. The effective period of the tariffs established by the ERC should not be less than 6 months.
- 2.6. All ERC Resolutions referring to tariff setting (review), as well as the attachments to the Applications should be accessible for any of the interested physical or legal entities and representatives of public to get familiar with, provided that the above documents do not contain information of government, service or commercial confidentiality, as specified in the RoA Legislation.
- 2.7. In accordance with the RoA Legislation, the Licensee shall bear the responsibility for the accuracy of the information forwarded for the Commission's review.
- 2.8.1. All documents submitted to the ERC by Licensees should be verified by the seal and signature of the responsible person at the enterprise (company).
- 2.9. All reports (information) and tariff calculations submitted to the ERC by the Licensee should be on a floppy disc as well.

3. APPLICATION, FILING OF APPLICATION, REVIEW AND DECISION MAKING

- 3.1. The Application includes:
 - a) an Application Form (Appendix 1);
 - b) a document certifying the publication of the announcement of the Request for tariff review;
 - c) reports on the licensed operations and other information in 2 copies (Appendices 3,4,5,6);
 - d) calculations of the proposed tariff in 2 copies (Appendices 7,8,9) and justifications (the justifying calculations, the results of the last testing, certified in due procedures) of the following magnitudes that lie in the base of those calculations, in 2 copies:
 - electricity, thermal power or natural gas consumption for internal needs, and technical losses;

- fuel heat rate and specific consumption (to be presented only by Licensees engaged in the generation of electricity and/or thermal power (except for HPPs) and transportation of natural gas);
 - volume indicators of heated premises (to be presented only by Licensees engaged in the distribution (sale) of thermal power);
 - weather forecast information from meteorological service on the average external air temperature (to be submitted only by Licensees engaged in the distribution (sale) of thermal power);
- 3.2. The ERC may request additional information, if needed.
- 3.2. The ERC will register the Application and make sure that all submitted documents are in compliance with the requirements of Article 3.1. herein.
- 3.3. In the event of a positive (negative) outcome of such inspection, upon the Chairman's order the Application shall be accepted (rejected) for consideration and the copy of the order shall be sent to the Licensee within 10 days of the registration of the Application.
- 3.4. The corresponding ERC resolution on the accepted Application shall be issued within 90 days of the registration of the Application and the copy of the ERC resolution shall be sent to the Licensee within 5 days. In the event of the ERC rejection to revise the proposed tariff the ERC resolution will contain the reasons for rejection.
- 3.5. Any interested physical or legal entities, as well as the public representatives can participate in the Commission meetings and discussions and provide their comments and recommendations in writing regarding the revision of tariffs.
- 3.6. The ERC resolution (Chairman's order) on the rejection of the Application shall in no way affect the filing and review of further Applications.

4. TARIFF REVIEW PROCESS UPON THE COMMISSION'S OWN INITIATIVE

- 4.1. The ERC can initiate a tariff review process in the following cases:
- If there have been amendments to the License provisions;
 - If there have been changes in the legal field;
 - If there have been changes in the volume of Government support included in tariffs;
 - If there have been significant changes in the financial and economic indicators on which the calculations of the Licensee's current tariffs are based.
- 4.2. In the event of initiating a tariff review process, the ERC shall:

- a) give a prior notice to the Licensee motivating the need for such a review;
 - b) in order to keep the public informed, publish an announcement in one of the national newspapers, motivating the need for such a review;
 - c) require submission of necessary information from the Licensee.
- 4.3. The tariff review process by the ERC shall be considered commenced from the day of notifying the Licensee in writing about it, and shall be completed within the time period specified in Article 3.5 of these Procedures.
- 4.4. During the time period allowed for the tariff review process, the Licensee has the right to submit his own recommendations and participate in the Commission meetings and discussions.

5. DISPUTES

Disputes with regards to the enforcement of these Procedures shall be settled in legislative procedures.

To be filled out on the Licensee's official letterhead

Date

Number

**TO THE ROA ENERGY COMMISSION
APPLICATION**

This is to request to review the tariff(s) of _____
Name of the company/enterprise

engaged in generation, transmission, distribution services

Location (city, town, Marz, settlement)

For: a) _____
electricity (capacity), thermal power, natural gas

b) _____
Licensed Operation service tariff

We certify that the information provided herein is accurate to the best of our knowledge and contains all necessary justifying documents and calculations, in accordance with the procedures set by the ERC.

The Application contains the following attachments:
(Name of documents, number of pages and submitted copies)

1. _____
2. _____
3. _____
4. _____
5. _____

Address of the company/enterprise

Telephone, Fax, E-mail

Code of the company/enterprise, and State Registration number

Bank accounts

First / last name and position of the Applicant, and his signature

Date, seal of the company/enterprise

FOR PUBLIC INFORMATION

Please be advised that

Name of the Applicant company/enterprise

has applied to the RoA Energy Regulatory Commission with a request to review his tariffs

Location (city, town, Marz, settlement)

Type of the Licensed Operation

For: a) _____
electricity (capacity), thermal power, natural gas

b) _____
Licensed Operation service tariff

The current tariff is: _____

The proposed tariff is: _____

Address, telephone, E-mail, telex and fax numbers of the Applicant